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An Act To Provide an Income Tax Credit for Certain Student Loan Repayments

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §5217-E is enacted to read:

§ 5217-E. Credit for certain student loan repayments

1. Credit allowed. An individual who is required to include in federal adjusted gross income all or a portion of the amount of student loan payments made directly to the individual's student loan lender by the Finance Authority of Maine, or an entity managed or administered by the Finance Authority of Maine, for residents of the State employed by a business located in the State is allowed a refundable credit equal to the amount required to be included in federal adjusted gross income multiplied by the individual's highest federal marginal income tax rate under the Code, Section 1.

SUMMARY

This bill provides an income tax credit for certain student loan repayments made by the Finance Authority of Maine or an entity managed or administered by the Finance Authority of Maine. The credit is equal to the amount an individual is required to include in federal adjusted gross income as the result of student loan payments made directly to the individual's student loan lender by the Finance Authority of Maine, or an entity managed or administered by the Finance Authority of Maine, for residents of the State employed by a business located in the State multiplied by the individual's highest federal marginal income tax rate.